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FOR IMMEDIATE RELEASE

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UMN Pharma Announces Revision of Consolidated Financial Results Forecasts For the Fiscal Year Ending December 31, 2016

UMN Pharma Inc. ("the Company") announced today that based on recent developments in business, the Company has revised its full-year consolidated financial results forecasts for the fiscal year ending December 31, 2016 (from Jan. 1, 2016 to Dec. 31, 2016) from those previously announced on May 25, 2016, as follows.

1. Revised full-year consolidated financial results forecasts for the fiscal year ending December 31, 2016 (from Jan. 1, 2016 to Dec. 31, 2016)

	Net sales	Operating income (loss)	Ordinary income (loss)	Net income (loss)	Net income (loss) per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previously announced forecasts (A) (May 25, 2016)	2,044～2,428	(2,315)～(2,282)	(2,608)～(2,575)	(2,366)～(2,332)	(246.68)～(243.22)
Currently revised forecasts (B)	84	(3,391)	(3,699)	(3,451)	(342.35)
Change (B-A)	(2,344)～(1,960)	(1,109)～(1,076)	(1,124)～(1,091)	(1,119)～(1,085)	—
Rate of change (%)	(96.5)%～(95.9%)	—	—	—	—
(Ref.) Results for the fiscal year ended Dec. 31, 2015	202	(3,207)	(3,390)	(3,390)	(354.16)

2. Reason for revision of the consolidated financial results forecasts

As for UMN-0502 (recombinant influenza HA vaccine for the prevention of seasonal influenza, hereinafter referred to as "UMN-0502"), of which Astellas Pharma Inc. ("Astellas") submitted an application for marketing approval for the prevention of influenza to the Ministry of Health, Labour and Welfare in May, 2014, the Company, in collaboration with Astellas, has continued to respond to the related inquiries from Pharmaceutical and Medical Agency ("PMDA") for the approval.

Judging from the current progress on the reviews, the Company has concluded that it would take at least some more time than previously anticipated before gaining the approval, and that posting milestone sales from Astellas, which was projected in the previous financial results forecasts, would not be realized during the fiscal year ending December 31, 2016. Together with current forecasts that a part of sales from biopharmaceutical contract manufacturing business, which were factored in the previous forecasts, are currently expected to take some more time before passing the final inspection, the Company has

decided, unfortunately following the last fiscal year's revision, to revise downward consolidated financial results forecasts for the fiscal year ending December 31, 2016 from those announced on May 25, 2016, as shown in the above table.

On the other hand, total expenses during the period are expected to decrease compared to those counted in the previous forecasts, as the royalty payable to Protein Sciences Corporation with regard to the milestone receivable from Astellas at the approval of UMN-0502 in Japan is expected to be incurred during the next fiscal year, as R&D expenses are expected to be lower than the previous forecasts as the number of lots necessary for full scale trial manufacturing at Gifu plant for PSC's sBLA submission to FDA resulted in less than initially planned, and as the continued Company's efforts towards further overall reduction in fixed and G&A costs took effect.

As a result, consolidated operating loss, ordinary loss and net loss for the fiscal year ending December 31, 2016 are forecasted to widen compared to those announced on May 25, 2016, as the Company's efforts to reduce expenses could not make up for the decrease in net sales.

However, the Company has not changed the prospect that the commercial manufacturing and shipment of UMN-0502 would start from 2017-2018 season, which is the basis for the financial targets of the 'Mid-term Business Plan FY2016-FY2019', disclosed on May 25,2016（Please refer to page 5）. As for the financial results forecasts for fiscal year ending December 31, 2017, the milestone sales from Astellas and the other sales from biopharmaceutical manufacturing business, which have caused the downward revision for financial results forecasts for the year ending December 31, 2016, are expected to be added. The Company will disclose financial results forecasts for the fiscal year 2017 and renewed mid-term financial targets after thorough examination of other influential factors, such as the one regarding the project to export Flublok® (same as UMN-0502) drug substances manufactured at Gifu plant to the U.S., currently under way.

(Note)

The above financial forecasts are based on a number of assumptions and beliefs in light of the information currently available to management and subject to significant risks and uncertainties. Consequently, any statements herein do not constitute assurances regarding the actual results. Actual financial results may differ materially depending on a number of factors.